

CITY OF GRANITE FALLS
Snohomish County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. City Officials Should Develop Policies And Procedures For Cellular Phone Use

During our audit of the City of Granite Falls, we noted police officers and department supervisors have cellular phones which they use for personal and business calls. All calls are billed at the government contract rate and each individual pays for all of the calls on their bill. Under the terms and conditions of the contract with the cellular phone companies, the City of Granite Falls guarantees payment for the employees who use the government contract. In the event that an employee could not or would not pay the monthly bill, the City of Granite Falls would be liable for the amount of the debt.

The following problems were discovered with the use of these cellular phones:

- a. City officials terminated an employee in September 1994 and did not inquire of the cellular phone company as to whether the employee had paid the final monthly phone bill. The terminated employee was issued the final paycheck of \$1,399.39 before the city learned that the individual had failed to pay the outstanding cellular phone bill of \$440.53. The city was contacted in February 1996 by the cellular company about the city's obligation to pay the outstanding balance and, subsequently, the city paid the bill. The city has not been able to recover the money from the former employee. Public funds were used to pay the cellular phone bill.
- b. The city had an employee receive a cellular phone for his spouse through the government contract described above. The employee's spouse is not associated with the city in any way.
- c. City officials have not developed a formal policy for cellular phone use and do not have a system in place to ensure that the city will not be obligated to pay for personal cellular phone bills.

The *Constitution of the State of Washington*, Article VIII, Section 7, states in part:

No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company corporation

State Auditor's Office Bulletin No. 14 states in part:

Local governments are responsible for controlling and managing their cellular telephones and the use of those phones. If personal use is

allowed, the entity needs to establish a system to ensure individuals are responsible for the payment of their non-business or personal calls.

The city is in violation of the constitutional prohibition against the gift of public funds by paying the personal cellular phone bill of an individual. Furthermore, the city's guarantee for the payment of an employee's spouse's cellular phone bill constitutes a lending of credit to an individual. Finally, without a formal cellular phone policy, the city does not have procedures to follow when an employee leaves the city ensuring that the city will not have to pay a personal cellular phone bill.

We recommend city officials:

- a. Seek reimbursement for the \$440.53 paid by the city for the cellular phone bill.
- b. Allow only city employees to receive cellular phones under the government contract.
- c. Develop policies and procedures for cellular phones which address such points as need, purchase, and use.
- d. Adopt an agreement between the city and each employee in an effort to limit the city's liability for personal cellular phone bills.